



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Transfer of Funds to the Northern California Power Agency Geothermal Bond Escrow Account (\$2,300,000)

**MEETING DATE:** November 3, 1999

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** That the City Council approve the transfer of funds to the Northern California Power Agency (NCPA) Geothermal Bond Escrow Account in an amount not to exceed \$2,300,000.

**BACKGROUND INFORMATION:** As previously discussed with the Council, NCPA and its members concluded a major project debt restructuring this year which resulted in significant reductions of yearly debt service payments.

Subsequently, NCPA has continued to pursue additional opportunities to enhance members' competitive positions.

Recently, NCPA and its Financial Advisor developed a financial instrument designed to result in a net savings to NCPA Geothermal Project participants. This instrument would establish a Geothermal Bond Escrow Account for a portion of outstanding Geothermal Project debt drawing a higher rate of return than the Local Area Investment Fund 6.35% on October 20, 1999. The total additional return for the City of Lodi would be approximately \$222K over the period January 1, 2000 through July 1, 2010. Subsequently, and in accordance with the NCPA Geothermal Project Third Phase Agreement and NCPA Commission rules, establishment of the Geothermal Bond Escrow Account was approved at the October 28, 1999 NCPA Commission Meeting.

The City of Lodi's escrow account funding share is \$2,300,000 based upon Geothermal Project share and anticipated interest rate. Due to the amount required, FY1999-2000 Operating Revenues will not be adequate to accommodate the requirement. Therefore, it is recommended that source of funds be as follows: \$1,000,000 from City of Lodi - NCPA General Operating Reserve and \$1,300,000 from the Electric Utility Rate Stabilization Reserve 162.

The above actions are compatible with the Electric Utility Department's Competition Transition Plan.

**FUNDING:** City of Lodi - NCPA General Operating Reserve: \$1,000,000  
Electric Utility Rate Stabilization Reserve 162: \$1,300,000

**Funding Available:** Vicky McAthie  
Vicky McAthie, Finance Director

Alan N. Vallow  
Alan N. Vallow  
Electric Utility Director

**APPROVED:**

H. Dixon Flynn  
H. Dixon Flynn - City Manager



# CITY OF LODI

## COUNCIL COMMUNICATION

**PREPARED BY:** Jack Stone, Manager, Business Planning and Marketing

ANV/JLS/lst

C: City Attorney  
Manager, Rates and Resources

**APPROVED:** \_\_\_\_\_  
H. Dixon Flynn - City Manager

RESOLUTION NO. 99-177

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE  
TRANSFER OF FUNDS TO THE NORTHERN CALIFORNIA  
POWER AGENCY (NCPA) GEOTHERMAL BOND ESCROW  
ACCOUNT

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BE IT RESOLVED, that the Lodi City Council does hereby approve the transfer of funds not to exceed \$2,300,000 to the Northern California Power Agency Geothermal Bond Escrow Account; and

BE IT FURTHER RESOLVED, that funds be appropriated as follows:

City of Lodi – NCPA General Operating Reserve	\$1,000,000
Electric Utility Rate Stabilization Reserve 162	\$1,300,000

Dated: November 3, 1999

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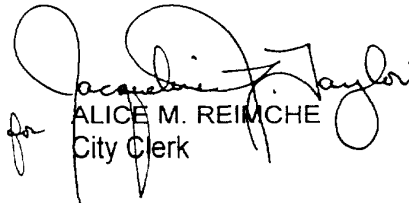
I hereby certify that Resolution No. 99-177 was passed and adopted by the Lodi City Council in a regular meeting held November 3, 1999 by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Mann, Nakanishi and Land (Mayor)

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – Pennino

  
ALICE M. REIMCHE  
City Clerk